

## Mobile Device Apps - UK - October 2018

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“The mobile app market is continuing to expand, with the emphasis firmly on free downloads and subscription payments or microtransactions. Gaming dominates app revenues but there are strong opportunities for other sectors, with augmented reality developments in particular driving app innovations in social media and retail.”  
– **Adrian Reynolds, Consumer Technology Analyst**

This report looks at the following areas:

- The future of app revenue generation
- Smartphone innovations driving app potential

The UK mobile app market continues to grow at impressive rates, with Apple’s iOS App Store and the Google Play Store dominating revenues. Revenues are driven by free-to-download apps based on advertising, subscription models and in-app microtransactions for additional content. Even among younger demographics, most people are not regularly paying up front to download apps. While the Google Play Store receives far more downloads overall, primarily due to the prevalence of Android devices, the iOS Store produces far higher revenues. This reflects more engaged iPhone and iPad users more likely to pay for apps and additional content.

Overall app store revenues across iOS and Android are dominated by mobile games. The vast majority of gaming revenues come from apps that were free to download, such as *Pokémon GO* and *Fortnite*. Revenues are based on season passes and microtransactions, with users making multiple small payments for additional content. This is partly why men are more likely to make additional payments for mobile gaming apps, with women more likely to favour puzzle games, which have fewer opportunities for in-game payments.

There has been debate over the fees charged by both Apple and Google for apps to be available for download on their respective platforms. Epic Games has made its popular game *Fortnite* available on Samsung phones via app download on its website and it set to continue bypassing the Google Play Store on further Android devices. Some have raised concerns over the security risk with some settings requiring changes before third-party apps can be installed. Netflix is also said to be looking at methods of bypassing the store fees, potentially removing the option to sign up for subscriptions through the app and providing a link to the website version, where the 30% store fees would not apply.

Recent updates to operating systems have attempted to find solutions to concerns over mental health and extended device usage. Apple launched its Screen Time app with iOS 12 in September 2018, with users able to track time spent in each app and set limits. Similar efforts were made in Android’s latest update, Android Pie, with the Digital Wellbeing dashboard providing more control over app usage.

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### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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What we think

## Issues and Insights

The future of app revenue generation

The facts

The implications

Smartphone innovations driving app potential

The facts

The implications

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Google Play Store and iOS continue to demonstrate strong growth

Apple producing far higher app revenues than Android despite lower usage

High app store fees could see some brands seek alternative routes

Gaming dominates the highest-grossing apps across iOS and Android

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Expanding digital advertising market set to benefit mobile app revenues

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- Majority of app users have not recently paid for premium access
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